Increase in Prices of Bulk Drugs and Formulations

512. SHRI RAJNI RANJAN SAHU :
SHRI H. HANUMANTHAPPA :
SHRIMATI SATYA BAHIN :

Will the PRIME MINISTER be pleased to refer to USQ 1136 given in Rajya Sabha on 7-5-1992 and state :

(a) whether it is a fact that stocks of intermediates with the producers on which lower customs duty was paid; latest consumption co-efficients of major inputs and the latest CIF prices were not taken into consideration while increasing the prices in 1990-91 and 1991-92;

(b) if so, the reasons therefor;

(c) whether it is a fact that the producers were benefited by crores of rupees in the process, and if so, what steps have been taken to investigate the matter;

(d) whether any *suo-moto* increase in the prices, of formulations was allowed in 1990-91 and 1991-92 and if so, what are the details indicating the names of producers and formulations earlier prices, revised prices, bulk drug rate allowed in *suo moto* increase in prices; and

(e) what were the reasons for allowing that increase ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN) : (a) to (c) The Government does not monitor the inventory carried by manufacturers/stockists etc. whose number runs into several thousands nor it is physically possible to do so. However, consumption co efficients as taken by BICP and available CIF prices are considered while revising the prices in accordance with the price-escalation formula given by BICP.

(d) The prices of formulations have been worked out on *suo-moto* basis and notified in the official Gazette in cases of ceiling packs from time to time.

(e) Price revision resulting in increases are in accordance with the provisions of DPCO 1987 and has been given to ensure availability and to avoid shortages.

Amount due from M/s. Hoechst

513. SHRIMATI KAILASHPATI : Will the PRIME MINISTER be pleased to refer to the answer to unstarred Question No. 1134 given in Rajya Sabha on 7-5-92 and state :

(a) what are the details of the consent order passed by the Bombay High Court in the case of M/s. Hoechst and the reasons that government became a Party to the consent order;

(b) whether opinion of the Ministry of Law and Justice was taken before becoming a party to the consent order;

(c) whether the process of getting data, giving hearing and finalising the liabilities is over;

(d) since when the recovery of liability is pending and what is the amount due to be recovered on 30th Oct., 1992; and

(e) what is the present position of the case ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN) : (a) and (b) The High Court of Bombay was of the view that it was necessary to finalise the liability against M/s. Hoechst after the required hearing and at their instance a schedule was drawn up for this purpose. Accordingly the Bombay High Court passed orders on 8-3-91. Copy of the order is attached as statement. (*See* below).

(c) to (e) The process of giving data and giving the details to M/s. Hoechst is almost over.

Statement

High Court

O. O. C. J.

Writ Petition No. 2629 of 1990

Hoechst (India) Limited & Anr. Petitioners

V/s.

Union of India & Others Respondents

Coram : Pendse & Jhunjhunwala JJ

Date : 8th March 1991

MINUTES OF THE ORDER

1. Chamber Summons allowed. Petition to be amended accordingly. Amendments to be carired out within two weeks hereof.

2. The Notices mentioned in prayer clause (a) (iv) as amended will be treated by the parties as Show Cause Notices and the Petitioners shall reply to the same giving particulars called for and with liberty to them to raise all contentions including those raised in the Petition within a period of eight weeks.

3. At the request of the Petitioners the Government will furnish particulars consistent with the judgement of the Supreme Court in Cyanamid's case within a period of four weeks from the date on which the Petitioners file their replies referred to in Clause 2.

4. The Respondents will dispose of the matter and tentatively determine in liability, If any, due from the Petitioners, within eight weeks thereafer.

5. Thereafter, the Government shall bear the Petitioners within four weeks of the above and pass speaking orders, which orders if adverse to the Petitioners shall not be enforced against the Petitioners for a period of eight weeks to enable the Petitioners to adopt such proceedings as they may be entitled to in law and with liberty to them to raise all contentions including those raised in the Petition.

6. In view of the above, Petition is allowed to be withdrawn.

7. Liberty to apply.

Higher CIF import price of bulk drug

514. SHRI H. HANUMANTHAPA : Will the PRIME MINISTER be pleased to state :

(a) what are the names of the bulk drugs on which custom duty was reduced during 1992-93 and revised rate of custom duty on these bulk drugs;

(b) what are the major formulation based on each of these bulk drugs where formulation prices linked to these bulk drugs, have been reduced following custom duty reduction;

(c) what were the earlier and the reduced prices of the formulations and the bulk drugs;

(d) whether it is a fact that some of the importers have started importing at a higher CIF import price to nullify the effect of custom duty reduction; and

(e) what are the names of bulk drugs in respect of which details have not been received so far from the importers ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN) : (a) Changes in customs duty are notified from time to time indicating names of items and applicable duty rates. During 1992-93, two such Notifications bearing Nos. 216/92/cus dated 19-6-1992 and 254/92/cus dated 31-7-1992 have been issued in regard to bulk drugs and their copies are available in the Parliament Library.

(b), (c) and (e) Customs duty on bulk drug is only one of the numerous cost-inputs in the pricing of a formulation and almost all cost inputs have been generally on the increase due to inflationary conditions and also due to changes in the foreign exchange regime. Customs duty was reduced so as to maintain availability and avoid impending shortages. Under the circumstances,